



**ASEAN Economic Community (AEC2015) and Japan
– possibilities and opportunities for a sustainable growth region - Summary -**

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The long awaited 2015 has finally arrived.

By the end of the year, ASEAN will enter a new phase of development. It is one very specific action taken by ASEAN to realize the goal of an integrated Single Market & Production Base within the Region.

At the dawn of this very exciting new phase of ASEAN development, I believe this is one golden opportunity that ASEAN and Japan should seize to form regional partnerships to help transform growth potential into reality.

1. Is strong partnership possible?

Fortunately, in the eyes of ASEAN, Japan has an established good industry reputation, and to a very high degree, it also enjoys strong business confidence and trust from the Region.

The results of a survey show that ASEAN people are interested to learn more about Japan on;

- (1) science and technology” (58%)
- (2) way of life and way of thinking (56%)
- (3) foods culture (53%).

The three key learning interests from ASEAN clearly confirm the “confidence” foundation that Japan has built over the years is still going strong.

2. Benefits of partnership- Enlarged single market

I view ASEAN and Japan as one combined business community of diversity with more than 700 million people that can offer many more years of promising growth potential.

From Japan perspective, this is one most obvious benefit for continuing and furthering of partnership building.

Market size and potential:

ASEAN is a region of more than 600 million people with a forecasted GDP of more than US\$4 trillion.

Demographics:

While Japan market has been and is facing serious challenges in ageing population, It has a good population base and growth rate to justify the development of regional based supply chain network.

Growth & GDP per capita:

In fact, Japan market growth in recent years has been on the decline and shrinking in many sectors; in contrast, ASEAN as a region has been and will continue to experience increase in middle-income group that will prop up new demand and propel next phase of regional growth.

3. Agriculture and food supply chain

Today, Japan is the only country in the Asia region that has excellent and proven track record of innovations, especially in consumer goods; superior R&D capacity and production excellence, highly trained workforce and quality focused discipline and systems. Note: However, South Korea is catching up in all fronts.

These are the exact key competencies that most of the ASEAN members still lack today.

From Japan perspective, the possibility in ASEAN is therefore almost everywhere.

Agriculture and food supply chain

Both agriculture and aquaculture sectors are also critically important to the Region as enablers for new industries development, and thus opportunities for new job creation too. Naturally, they are (but always forgotten?) the backbone of ASEAN food security.

Especially and specifically in the managing of food supplies, ASEAN and Japan should collectively commit to long-term partnership to raise food supply quantity, food quality, and consistency in accordance to harmonized food standard and safety.

Over the years, Japan has mastered both the science and arts in agriculture and aquaculture, food manufacturing and food safety assured supply chain system.

SME network & collaboration

Many of SMEs in Japan are facing the reality of having to shut down their businesses due to the absence of successors, and with the business closures the total loss of business knowhow and expertise too.

On the other hand, they are also integral to the economic development and growth of the ASEAN Region.

SMEs are undoubtedly the backbone of ASEAN economic growth, and SME development is integral to achieving long-run and sustainable economic growth.

Urbanization & the creation of smart cities

Urbanization is currently one global issue that attracts much attention and discussions, and in particular the ASEAN Region where growth is known and urban expansion is progressing at high speed.

Smart cities are a new generation of city providing sustainable growth and designed to encourage economic activities while causing minimum to zero burden on the environment and offer high QoL for their residents. e.g. Low carbon emission transit system, energy efficient building, traffic congestion free, safe drinking water etc.

The quality of urbanization planning and implementation will determine the success in the implementation of long-term sustainable growth in ASEAN.

Riding on ASEAN-Japan partnership and AEC2015, Japan can and should build region wide supply chain to lower production costs, improve efficiency and apply its smart city knowhow, expertise and technology capabilities to support ASEAN's urban redevelopment programs as well as transportation & communication systems.

4. Action is the key

In the immediate term, Japan businesses should put its established goodwill with ASEAN into good use by pursuing partnership opportunities in ASEAN to sustain growth momentum.

However, in realizing the real potentials of ASEAN, more concerted efforts are still needed to promote correct awareness and to then build momentum on AEC2015; in particular the SMEs.

In this regard, I suggest three ideas.

1. Capacity building:

Seek and promote partnership between ASEAN and Japan education and training institutions to offer regular, relevant and structured courses, training and internship exchange opportunities for regulators, business persons and students. A separate program under this track should be exclusively designed for youth groups.

2. Business facilitation:

Establish and support ASEAN-Japan startup network as well as enterprise exchange network – focus on the provision of facilitation services. There should also be a youth entrepreneur program under this track.

3. Funding:

The creation of ASEAN-Japan venture/angel funds to support promising businesses with scalability to accelerate growth and fast track regionalization.

Large enterprises are already gear up to have their second bite on growth opportunities in the region.

The second wave of growth driven by SMEs is also in the brew.

I encourage more Japan SMEs to learn about ASEAN possibilities and their counterparts in the region to partner for business opportunities.

Act soon to become a contributing and responsible member of the second growth wave, and together to create a better and sustainable region of QoL for all of us.

AEC2015 will start soon.

Author's profile

Teng Theng Dar



After graduated from School of Commerce, Waseda University in 1979, he joined Kao Corporation, Japan and was tasked by the Company to coordinate regional product development and marketing strategy for the SE Asia markets. He remained with the Company until 1992 and thereafter he served as CEO/MD of various listed companies in Australia and Singapore.

In years 2008 -2011, he was CEO of Singapore Business Federation (シンガポール事業連盟), 2003 - 2011, Member of APEC Business Advisory Council (Note: Chair 2009, APEC Singapore Year, Co-Chair 2008 APEC Peru Year and 2010 APEC Yokohama Year). He also served as member of various business councils and Government policy feedback committees. He is currently running his own firm Business Compass Consultancy.

Based in Singapore, his business focus is on strategy advisory services for the ASEAN+ Region and the Sultanate of Oman.

Capitalizing on his language skill, years of cross border management experiences, and wide business network, he is actively promoting and facilitating technology exchanges and R&D collaborations for the ASEAN region via Singapore, and the Sultanate of Oman for the Gulf Cooperative Council Region. e.g. www.eabex.org, <http://visionedge.bizdx.com> .

His current key appointments include:

Singapore's Non-Resident Ambassador to the Sultanate of Oman,

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He is also a member of Advisory Board, Singapore National Youth Achievement Award; Steering Committee member, ASEAN-Japan Business Meeting Group (経済同友会)

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